
**JOINT CHAPTER 11 PLAN OF REORGANIZATION OF
HAWAIIAN TELCOM COMMUNICATIONS, INC. AND ITS DEBTOR
AFFILIATES**

Hawaiian Telcom Communications, Inc. and certain of its affiliates, as debtors and debtors in possession, hereby respectfully propose the following joint plan of reorganization under chapter 11 of the Bankruptcy Code.

ARTICLE I.

**RULES OF INTERPRETATION, COMPUTATION OF TIME,
GOVERNING LAW AND DEFINED TERMS**

A. Rules of Interpretation, Computation of Time and Governing Law

1. For purposes of this document: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) any reference herein to a contract, lease, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (c) any reference herein to an existing document or exhibit having been filed or to be filed shall mean that document or exhibit, as it may thereafter be amended, modified or supplemented; (d) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (e) unless otherwise stated, the words "herein," "hereof" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (f) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

2. The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein.

3. Except to the extent the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, lease, instrument, release, indenture

or other agreement or document entered into expressly in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Hawaii, without giving effect to the principles of conflict of laws thereof.

B. Defined Terms

As used in this Plan, capitalized terms have the meanings set forth below.

1. *“Administrative Claim”* means a Claim for costs and expenses of administration of the Debtors’ estates under sections 503(b) and 507(a)(2) of the Bankruptcy Code, including, without limitation, for: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Debtors’ respective estates and operating their businesses; (b) Allowed Claims of Professionals in the Chapter 11 Cases; (c) amounts owing pursuant to the Cash Collateral Order; (d) amounts owing to the Debtors’ employees pursuant to the Performance Compensation Order; and (e) the fees and expenses of the Senior Notes Indenture Trustee and the Subordinated Notes Indenture Trustee to the extent Allowed under Article V.G. Any fees or charges assessed against the Debtors’ estates pursuant to section 1930 of chapter 123 of title 28 of the United States Code shall be excluded from the definition of Administrative Claim and shall be paid in accord with Article XIV.H of the Plan.

2. *“Affiliate”* shall have the meaning set forth in section 101(2) of the Bankruptcy Code.

3. *“Allowed”* means with respect to any Claim, except as otherwise provided herein: (a) a Claim that is (i) scheduled by the Debtors in a liquidated amount and not as disputed or contingent or (ii) evidenced by a valid proof of claim and as to which the Debtors or other party in interest have not filed an objection by the Claims Objection Bar Date; or (b) a Claim that is Allowed pursuant to the Plan or any stipulation approved by, or order of, the Bankruptcy Court.

4. *“Avoidance Actions”* means any and all avoidance, recovery, subordination or other actions or remedies that may be brought on behalf of the Debtors or their estates under the Bankruptcy Code or applicable non-bankruptcy law, including, without limitation, actions or remedies under sections 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552 and 553 of the Bankruptcy Code.

5. *“Bankruptcy Code”* means title 11 of the United States Code, as may be amended from time to time.

6. *"Bankruptcy Court"* means the United States Bankruptcy Court for the District of Hawaii, having jurisdiction over the Chapter 11 Cases and, to the extent of the withdrawal of any reference under section 157 of title 28 of the United States Code and/or the General Order of the District Court pursuant to section 151 of title 28 of the United States Code, the United States District Court for the District of Hawaii.

7. *"Bankruptcy Rules"* means the Federal Rules of Bankruptcy Procedure, as applicable to the Chapter 11 Cases and the general, local and chambers rules of the Bankruptcy Court.

8. *"Business Day"* means any day, other than a Saturday, Sunday or "legal holiday" as defined in Bankruptcy Rule 9006(a).

9. *"By-Laws"* means the by-laws or operating agreement (as applicable) of each of the Reorganized Debtors, which will be included in the Plan Supplement.

10. *"Cash"* means the legal tender of the United States of America or the equivalent thereof, including, without limitation, bank deposits and checks.

11. *"Cash Collateral Order"* means the Final Order (I) Authorizing Use of Cash Collateral Pursuant to Section 363 of Bankruptcy Code, and (II) Providing Adequate Protection to Prepetition Secured Parties Pursuant to Sections 361, 362 and 363 of Bankruptcy Code, dated January 16, 2009 [Docket No. 291], together with each of the subsequent extensions thereto.

12. *"Causes of Action"* means all actions, causes of action, Claims, liabilities, obligations, rights, suits, debts, damages, judgments, remedies, demands, setoffs, defenses, recoupments, crossclaims, counterclaims, third-party claims, indemnity claims, contribution claims or any other claims disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases, including through the Effective Date.

13. *"Certificates of Incorporation"* means the certificates, charters or articles of incorporation or articles of organization (as applicable) of each of the Reorganized Debtors, which are included in the Plan Supplement.

14. “*Chapter 11 Cases*” means the jointly administered chapter 11 cases commenced by the Debtors and styled *In re Hawaiian Telcom Communications, Inc., et al.*, Chapter 11 Case No. 08-2005 (LK), which are currently pending before the Bankruptcy Court.

15. “*Claim*” shall have the meaning set forth in section 101(5) of the Bankruptcy Code.

16. “*Claims Objection Bar Date*” means the deadline for objecting to Claims, which shall be on the date that is sixty (60) days after the Effective Date, unless extended by an order of the Bankruptcy Court, upon notice and a hearing.

17. “*Claims Register*” means the claims register maintained by the clerk of the Bankruptcy Court.

18. “*Claims Trading Motion*” means the Motion of Hawaiian Telcom Communications, Inc., et al. for Entry of Interim and Final Orders Establishing Notification and Sell-Down Procedures for Trading in Claims Against the Debtors’ Estates Nunc Pro Tunc to the Petition Date, dated December 1, 2008 [Docket No. 18].

19. “*Class*” means a category of holders of Claims or Equity Interests pursuant to section 1122(a) of the Bankruptcy Code.

20. “*Confirmation*” means the entry of the Confirmation Order on the docket of the Chapter 11 Cases, subject to all conditions specified having been satisfied or waived.

21. “*Confirmation Date*” means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

22. “*Confirmation Hearing*” means the hearing before the Bankruptcy Court on the motion for entry of the Confirmation Order.

23. “*Confirmation Order*” means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

24. “*Credit Agreement*” means that certain Amended and Restated Credit Agreement, dated as of June 1, 2007, as may have been amended, supplemented or otherwise modified from time to time, among Hawaiian Telcom Holdco, Inc.; Hawaiian Telcom Communications, Inc., as Borrower; the Lenders Party Thereto

and Lehman Commercial Paper Inc., as Administrative Agent and Collateral Agent; Lehman Brothers Inc. and J.P. Morgan Securities Inc., as Joint Lead Arrangers and Joint Bookrunners; JPMorgan Chase Bank, N.A., as Syndication Agent; and Cobank, ACB and Wachovia Bank, N.A., as Co-Documentation Agents.

25. *"Creditors' Committee"* means the Official Committee of Unsecured Creditors, appointed pursuant to section 1102 of the Bankruptcy Code by the United States Trustee for the District of Delaware on December 12, 2008 and reconstituted by the United States Trustee for the District of Hawaii on January 28, 2009, as may be reconstituted from time to time.

26. *"Creditors' Committee Avoidance Actions"* means any and all Avoidance Actions against entities, other than the Debtors' customers, current employees and current trade vendors, which shall be placed into the Litigation Trust.

27. *"Debtors"* means, collectively, Hawaiian Telcom Communications, Inc.; Hawaiian Telcom Holdco, Inc.; Hawaiian Telcom, Inc.; Hawaiian Telcom Services Company, Inc.; Hawaiian Telcom IP Service Delivery Investment, LLC; Hawaiian Telcom IP Service Delivery Research, LLC; Hawaiian Telcom IP Video Investment, LLC; and Hawaiian Telcom IP Video Research, LLC.

28. *"Disclosure Statement"* means the disclosure statement relating to the Plan, as amended, supplemented or modified from time to time, including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code on August 28, 2009 [Docket No. 1131].

29. *"Disclosure Statement Order"* means the Final Order of the Bankruptcy Court approving the Disclosure Statement entered on August 28, 2009 [Docket No. 1131].

30. *"Disputed Claim"* means any Claim that is not yet Allowed.

31. *"Distribution Agent"* means the entity or entities selected by the Debtors or the Reorganized Debtors, as applicable, to make or facilitate distributions pursuant to the Plan.

32. *"Distribution Notification Date"* means the date that is five days after the Confirmation Date.

33. “*Effective Date*” means the date that is the first Business Day after the Confirmation Date on which: (a) no stay of the Confirmation Order is in effect; and (b) all conditions precedent to the Effective Date have been satisfied or waived.

34. “*Eligible Senior Notes Claim Holder*” means each holder of an Allowed Senior Notes Claim on the Rights Offering Record Date who timely certifies, in accordance with the procedures set forth under the Rights Offering, that it is: (a) a qualified institutional buyer as defined in Rule 144A under the Securities Act of 1933, as amended; or (b) an accredited investor as defined in Rule 501 under the Securities Act of 1933, as amended, and who has timely delivered an investor certificate certifying to that effect.

35. “*Emergence Costs*” means the administrative costs associated with emerging from the Chapter 11 Cases that are payable on or after the Effective Date, including, without limitation, accrued Allowed Professional Fee Claims, the Allowed fees and expenses of the Senior Notes Indenture Trustee and the Subordinated Notes Indenture Trustee and the Cash in the Unsecured Claims Fund.

36. “*Equity Interest*” means any share of common stock, preferred stock or other instrument evidencing an ownership interest in a Debtor, whether or not transferable, and any option, warrant or right, contractual or otherwise, to acquire any such interest in a Debtor that existed immediately prior to the Effective Date.

37. “*Executory Contract*” means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection pursuant to section 365 of the Bankruptcy Code.

38. “*Final Order*” means an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the subject matter, as entered on the docket in any Chapter 11 Case or the docket of any court of competent jurisdiction, that has not been reversed, stayed, modified or amended, and as to which the time to appeal, or seek certiorari or move for a new trial, reargument or rehearing has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument or rehearing will have been denied, resulted in no modification of such order or has otherwise been dismissed with prejudice.

39. *"General Unsecured Claim"* means a Claim against any of the Debtors, other than an Administrative Claim, Priority Tax Claim, Priority Non-Tax Claim, Secured Tax Claim, Senior Secured Claim, Senior Notes Claim, Subordinated Notes Claim, Intercompany Claim or Section 510(b) Claim.

40. *"Hawaiian Telcom Communications, Inc. General Unsecured Claim"* means a General Unsecured Claim against Hawaiian Telcom Communications, Inc.

41. *"Hawaiian Telcom Holdco Equity Interest"* means an Equity Interest in Hawaiian Telcom Holdco, Inc.

42. *"Hawaiian Telcom Holdco, Inc. General Unsecured Claim"* means a General Unsecured Claim against Hawaiian Telcom Holdco, Inc.

43. *"Hawaiian Telcom, Inc. General Unsecured Claim"* means a General Unsecured Claim against Hawaiian Telcom, Inc.

44. *"Hawaiian Telcom IP Service Delivery Investment, LLC General Unsecured Claim"* means a General Unsecured Claim against Hawaiian Telcom IP Service Delivery Investment, LLC.

45. *"Hawaiian Telcom IP Service Delivery Research, LLC General Unsecured Claim"* means a General Unsecured Claim against Hawaiian Telcom IP Service Delivery Research, LLC.

46. *"Hawaiian Telcom IP Video Investment, LLC General Unsecured Claim"* means a General Unsecured Claim against Hawaiian Telcom IP Video Investment, LLC.

47. *"Hawaiian Telcom IP Video Research, LLC General Unsecured Claim"* means a General Unsecured Claim against Hawaiian Telcom IP Video Research, LLC.

48. *"Hawaiian Telcom Services Company, Inc. General Unsecured Claim"* means a General Unsecured Claim against Hawaiian Telcom Services Company, Inc.

49. *"Impaired"* means, with respect to a Class of Claims or Equity Interests, a Class of Claims or Equity Interests that is not Unimpaired.

50. *"Intercompany Claim"* means any Claim held by a Debtor against another Debtor or any Claim held by an Affiliate against a Debtor.

51. *"Intercompany Interest"* means an Equity Interest in a Debtor or an Affiliate held by any Debtor.

52. *"Interim Compensation Procedures Order"* means the Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members, dated January 26, 2009 [Docket No. 352].

53. *"LIBOR"* means the London Interbank Offered Rate.

54. *"Lien"* shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

55. *"Lien Investigation/Prosecution Fees"* means the Allowed Professional Fee Claims of any Professionals retained by the Creditors' Committee that may not be reimbursed from cash collateral pursuant to paragraph 5(c) of the Cash Collateral Order.

56. *"Litigation Trust"* means a form of trust for the benefit of holders of Allowed Senior Notes Claims and Allowed General Unsecured Claims, substantially in the form contained in the Plan Supplement, which form shall be agreed upon by the Debtors, the Senior Secured Parties and the Creditors' Committee, and, which trust shall be funded by the proceeds of such Creditors' Committee Avoidance Actions.

57. *"Management Employment Agreements"* means certain employment agreements in effect as of the Petition Date between the Debtors and members of the Debtors' senior management team, as may be amended, which are included in the Plan Supplement.

58. *"Management Equity Incentive Program"* means a management incentive compensation program that provides for a reserve of New Common Stock on the Effective Date equal to 10% of the Outstanding New Common Stock on a fully diluted basis for issuance in connection with the grant of compensatory equity incentive awards to management in such amounts and on such terms and conditions as determined by the New Hawaiian Telcom Holdco Board in its discretion. The Management Equity Incentive Program represents a fundamental aspect of the Plan, and both the Debtors and the Senior Secured Parties expressly intend that a meaningful portion of the share reserve under the Management Equity Incentive Program shall be subject to issuance pursuant to equity awards granted by the New Hawaiian Telcom Holdco Board as soon as reasonably practicable but in no event later than sixty (60) days following the Effective Date.

59. *"New Common Stock"* means common stock of Reorganized Hawaiian Telcom Holdco, par value of \$0.01 per share.

60. *"New Hawaiian Telcom Holdco Board"* means the initial board of directors of Reorganized Hawaiian Telcom Holdco.

61. *"New Term Loan"* means that certain senior secured term loan with a first priority lien on all assets of the Reorganized Debtors in the original principal amount of \$300,000,000 bearing interest in all cases equal to the greater of LIBOR and 3.0% *plus* (a) for the period from the Effective Date through the end of calendar year 2010, 3.0% per annum and, for the period from July 1, 2010 to December 31, 2010, an incremental 3.0% per annum which shall be payable in kind or as otherwise provided in the New Term Loan; (b) for the calendar year 2011, 4.5% per annum and an incremental 1.5% per annum which shall be payable in kind or as otherwise provided in the New Term Loan; and (c) for the calendar year 2012 and at all times thereafter 6.0% per annum; with customary carve-outs and baskets, including a basket for a first-out senior secured revolving credit facility with a first priority lien on all assets of the Reorganized Debtors in the original principal amount of \$30,000,000, bearing interest at a rate consistent with market terms; and all other documents entered into in connection therewith, substantially in the form contained in the Plan Supplement.

62. *"New Warrants"* means warrants to acquire a number of shares of New Common Stock equal to 12.75% of the Outstanding New Common Stock (on a diluted basis prior to consideration of the New Common Stock reserved for the Management Equity Incentive Program) at a 12.5% discount to the Plan Equity Value and with an expiry date of five years from the Effective Date.

63. *"New Warrant Agreement"* means that certain warrant agreement, dated as of the Effective Date and substantially in the form included in the Plan Supplement, pursuant to which Reorganized Hawaiian Telcom Holdco shall issue New Warrants to holders of Allowed Senior Notes Claims.

64. *"Other Secured Claim"* means any Secured Claim, other than a Secured Tax Claim or a Senior Secured Claim.

65. *"Outstanding New Common Stock"* means the 10,000,000 shares of New Common Stock to be issued as of the Effective Date on account of the Senior Secured Claims.

66. *"Performance Compensation Order"* means the Order Authorizing the Debtors to Honor Their Annual Performance Compensation Program for Calendar Year 2008, dated April 23, 2009 [Docket No. 678].

67. *"Petition Date"* means December 1, 2008.

68. *"Plan"* means the Debtors' joint chapter 11 plan of reorganization as may be altered, amended, modified or supplemented from time to time, including, without limitation, the Plan Supplement and all exhibits, supplements, appendices and schedules.

69. *"Plan Equity Value"* means \$160 million.

70. *"Plan Supplement"* means, as it may be amended prior to the Effective Date, the supplement or supplements to the Plan containing certain documents relevant to the implementation of the Plan, which documents shall be in a form and substance reasonably satisfactory to the Senior Secured Parties.

71. *"Priority Non-Tax Claim"* means any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

72. *"Priority Tax Claims"* means any and all Claims of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

73. *"Professional"* means an entity: (a) employed in these Chapter 11 Cases pursuant to a Final Order in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date, pursuant to sections 327, 328, 329, 330 and 331 of the Bankruptcy Code; or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

74. *"Professional Fee Claim"* means any Administrative Claim for the compensation of a Professional and the reimbursement of expenses incurred by such Professional through the Effective Date.

75. *"Proof of Claim"* means a proof of Claim filed against any of the Debtors in the Chapter 11 Cases.

76. *"Pro Rata"* means: (a) with respect to holders of General Unsecured Claims, the ratio of the amount of an Allowed Claim in Classes 7, 8, 9, 10, 11, 12, 13 or 14 to the aggregate amount of the Unsecured Claims Fund; and (b) with

respect to Claims other than General Unsecured Claims, the ratio of the amount of an Allowed Claim in a particular Class to the aggregate amount of all Allowed Claims in such Class.

77. *"Releasing Parties"* means: (a) all present and former directors and officers of the Debtors who were directors or officers on or after the Petition Date; (b) any other entity who serves or served as a member of the management of the Debtors on or after the Petition Date; (c) all present and former members of the Creditors' Committee; (d) all present and former directors and officers and other entities who serve or served as members of the management of any present or former member of the Creditors' Committee; (e) the Senior Secured Agent and the Senior Secured Parties; (f) the Senior Notes Indenture Trustee; (g) the Subordinated Notes Indenture Trustee; and (h) all advisors, consultants or professionals of or to the Debtors, the Creditors' Committee and members of the Creditors' Committee, the Senior Secured Agent, the Senior Secured Parties, the Senior Notes Indenture Trustee and the Subordinated Notes Indenture Trustee.

78. *"Reorganized Debtors"* means the Debtors, including, without limitation, any successor thereto, by merger, consolidation or otherwise, on or after the Effective Date, and includes Reorganized Hawaiian Telcom Holdco.

79. *"Reorganized Hawaiian Telcom Holdco"* means Hawaiian Telcom Holdco, Inc., including, without limitation, any successor thereto, by merger, consolidation or otherwise, on or after the Effective Date.

80. *"Restructuring Transactions"* means those transactions set forth in Article V of the Plan.

81. *"Rights Offering"* means that certain rights offering by Reorganized Hawaiian Telcom Holdco pursuant to which Eligible Senior Notes Claim Holders shall have the right to purchase New Common Stock in the aggregate amount of up to \$50,000,000 based upon the Plan Equity Value; provided that the Rights Offering is subject to a minimum participation of \$1,000,000.

82. *"Rights Offering Agent"* means the Financial Balloting Group LLC.

83. *"Rights Offering Record Date"* means the Voting Record Date.

84. *"Rights Offering Trust Account"* means the trust account or similarly segregated account or accounts maintained by the Rights Offering Agent in accordance with Article VI of the Plan, which shall be separate and apart from the

Rights Offering Agent's general operating funds and/or any other funds subject to any Lien or any cash collateral arrangement.

85. "*Schedules*" means the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases and statements of financial affairs filed by the Debtors pursuant to section 521 of the Bankruptcy Code and in substantial accordance with the Official Bankruptcy Forms, as the same may have been amended, modified or supplemented from time to time.

86. "*SEC*" means the Securities and Exchange Commission.

87. "*Section 510(b) Claim*" means any Claim against the Debtors arising from rescission of a purchase or sale of a security of the Debtors or an Affiliate of the Debtors, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim.

88. "*Secured Claim*" means any Claim (a) to the extent reflected in the Schedules or upon a Proof of Claim as a Secured Claim, which is secured by a Lien on collateral to the extent of the value of such collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (b) that is subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

89. "*Secured Tax Claim*" means any Secured Claim that, absent its secured status, would be entitled to priority in right of payment under section 507(a)(8) of the Bankruptcy Code (determined irrespective of time limitations), including any related Secured Claim for penalties.

90. "*Senior Fixed Rate Notes*" means the senior fixed rate notes issued pursuant to the Senior Notes Indenture in the aggregate principal amount of \$200 million bearing interest at a rate of 9.75% per year.

91. "*Senior Floating Rate Notes*" means the senior floating rate notes issued pursuant to the Senior Notes Indenture in the aggregate principal amount of \$150 million bearing interest at a rate reset and payable semi-annually at LIBOR, *plus 5.5%*.

92. "*Senior Notes*" means the Senior Fixed Rate Notes and the Senior Floating Rate Notes.

93. "*Senior Notes Claim*" means a Claim derived from or based upon the Senior Notes Indenture.

94. “*Senior Notes Indenture*” means that certain indenture, dated as of May 2, 2005, with respect to the Senior Floating Rate Notes due 2013 and the 9.75% Senior Fixed Rate Notes due 2013.

95. “*Senior Notes Indenture Trustee*” means U.S. Bank National Association, in its capacity as indenture trustee under the Senior Notes Indenture.

96. “*Senior Notes Indenture Trustee Charging Lien*” means any Lien or other priority in payment arising prior to the Effective Date to which the Senior Notes Indenture Trustee is entitled, pursuant to the Senior Notes Indenture, against distributions to be made to holders of Senior Notes Claims for payment of any Senior Notes Indenture Trustee fees.

97. “*Senior Secured Agent*” means Lehman Commercial Paper Inc., including, without limitation, any predecessor or successor thereto, by merger, consolidation or otherwise, as administrative agent under the Credit Agreement.

98. “*Senior Secured Claim*” means a Claim derived from or based upon the Senior Secured Obligations.

99. “*Senior Secured Obligations*” means: (a) the obligations owing to the Senior Secured Agent and the lenders under the Credit Agreement; and (b) the obligations owing to the Swap Counterparties under the Swap Agreements.

100. “*Senior Secured Parties*” means the lender parties under the Credit Agreement and the Swap Counterparties under the Swap Agreements.

101. “*Subordinated Notes*” means the subordinated notes issued pursuant to the Subordinated Notes Indenture in the aggregate principal amount of \$150 million bearing interest at a rate of 12.5% per year.

102. “*Subordinated Notes Claim*” means a Claim derived from or based upon the Subordinated Notes Indenture, other than Claims arising under section 7.07 of the Subordinated Notes Indentures, which Claims shall be treated as General Unsecured Claims.

103. “*Subordinated Notes Indenture*” means that certain indenture, dated as of May 2, 2005, with respect to the 12.5% Senior Subordinated Notes due 2015.

104. “*Subordinated Notes Indenture Trustee*” means Deutsche Bank National Trust, in its capacity as indenture trustee under the Subordinated Notes Indenture.

105. *Subordinated Notes Indenture Trustee Charging Lien*” means any Lien or other priority in payment arising prior to the Effective Date to which the Subordinated Notes Indenture Trustee is entitled, pursuant to the Subordinated Notes Indenture, against the distribution made to holders of Senior Notes Claims.

106. *“Subscription Expiration Date”* means November 16, 2009, which shall be the final date by which an Eligible Senior Notes Claim Holder may elect to subscribe to the Rights Offering.

107. *“Subscription Form”* means the form which an Eligible Senior Notes Claim Holder must complete and return to the Rights Offering Agent in order to exercise Subscription Rights.

108. *“Subscription Purchase Price”* means \$16.00 per share, based upon the Plan Equity Value.

109. *“Subscription Right”* means the right to subscribe for one share of New Common Stock at the Subscription Purchase Price on the terms and subject to the conditions set forth in Article VI of the Plan.

110. *“Swap Agreements”* means: (a) the obligations owing under that certain ISDA Master Agreement (Multicurrency-Cross Border), dated as of October 24, 2007, between Goldman Sachs Bank USA (as successor to Goldman Sachs Capital Markets, L.P.) and Hawaiian Telcom Communications, Inc. and guaranteed by the Goldman Sachs Group, Inc.; and (b) the obligations owing under that certain ISDA Master Agreement dated as of June 16, 2005, as amended and supplemented from time to time, between JPMorgan Chase Bank, N.A. and Hawaiian Telcom Communications, Inc.

111. *“Swap Counterparties”* means Goldman Sachs Bank USA (as successor to Goldman Sachs Capital Markets, L.P.) and JPMorgan Chase Bank, N.A.

112. *“Unencumbered Assets”* means all assets of the Debtors that are not subject to valid, perfected Liens, including, without limitation, the valid, perfected Liens of the Senior Secured Parties, the value of which shall not exceed \$36 million.

113. *“Unexpired Lease”* means a lease of non-residential real property to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

114. “*Unimpaired*” means, with respect to a Class of Claims or Equity Interests, a Class of Claims or Equity Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

115. “*Unsecured Claims Fund*” means Cash in an aggregate amount equal to \$500,000.

116. “*Voting Classes*” means Classes 3, 5, 7, 8, 9, 10, 11, 12, 13 and 14.

117. “*Voting Deadline*” means November 2, 2009, which was the deadline for, among other things, voting to accept or reject the Plan.

118. “*Voting Record Date*” means August 14, 2009, which was the date set forth in the order approving the disclosure statement related to this Plan for determining the holders of claims entitled to vote to accept or reject the Plan.

ARTICLE II.

ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS

A. Administrative Claims

1. Payment of Administrative Claims

Unless otherwise agreed to by the holder of an Administrative Claim and the Debtors or the Reorganized Debtors, as applicable, each holder of an Allowed Administrative Claim (other than any Professional Fee Claim), including the Allowed Administrative Claims of the Senior Notes Indenture Trustee and the Subordinated Notes Indenture Trustee subject to the restrictions and caps set forth in Article V.G, will receive, in full and final satisfaction of its Administrative Claim, Cash equal to the amount of such Allowed Administrative Claim either: (a) on the Effective Date; (b) if the Administrative Claim is not Allowed as of the Effective Date, 30 days after the date on which an order Allowing such Administrative Claim becomes a Final Order, or as soon thereafter as reasonably practicable; or (c) if the Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claims, without any further action by the holders of such Allowed Administrative Claims. Administrative Claims arising pursuant to the Debtors’ 2008 Performance Compensation Program shall be paid in accordance with the Performance Compensation Order.

The Senior Notes Indenture Trustee and the Subordinated Notes Indenture Trustee shall not be entitled to the payment of any fees and expenses to the extent such fees and expenses exceed the caps set forth in or are otherwise not in compliance with Article V.G, and any Claim for any such fees and expenses in excess of such caps and restrictions shall not be Allowed.

2. Professional Compensation

(a) Final Fee Applications

All final requests for payment of Professional Fee Claims, including any amounts held back pursuant to the Interim Compensation Procedures Order must be filed with the Bankruptcy Court and served on the Reorganized Debtors no later than 45 days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court in the Chapter 11 Cases, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court and paid by the Reorganized Debtors. For the avoidance of doubt, the Allowed Professional Fee Claims of the Professionals retained by the Creditors' Committee with respect to the Lien Investigation/Prosecution Fees shall also be paid as an Administrative Claim, along with all other Allowed Professional Fee Claims, subject to disallowance as set forth in Article II.A.2(c) of the Plan. Notwithstanding the foregoing, all amounts due and owing pursuant to the Cash Collateral Order to the Professionals of the Senior Secured Parties shall be paid in accordance with the provisions contained therein, and shall not be subject to the provisions of this paragraph.

(b) Post-Effective Date Professional Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Reorganized Debtors shall, in the ordinary course of business and without any further notice to or action, order or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional or other fees and expenses related to implementation and consummation of the Plan incurred by the Reorganized Debtors. Subject to Article II.2(c)(iii), upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors may employ and pay any Professional in the ordinary course of business without any further notice to or action, order or approval of the Bankruptcy Court.

(c) Professional Fee Claims of the Creditors' Committee

- (i) To the extent any and all Lien Investigation/Prosecution Fees and accrued and unpaid Professional Fee Claims of the Professionals retained by the Creditors' Committee as of the Effective Date cause the Emergence Costs to exceed \$20 million in the aggregate, such Lien Investigation/Prosecution Fees and accrued and unpaid Professional Fees Claims shall not be Allowed in connection with the Final Fee Applications of such Professionals filed pursuant to Article II.2(a). Any such fees and expenses that have been paid but are subsequently not Allowed shall be returned promptly to the Reorganized Debtors.
- (ii) Any Professional Fees Claims asserted by Professionals retained by the Creditors' Committee on account of "success," "transaction" or similar fees shall not be Allowed.
- (iii) Any Professional Fee Claim asserted by the Creditors' Committee's financial advisors on account of services rendered after December 18, 2009 shall not be Allowed.

B. Priority Tax Claims

Each holder of an Allowed Priority Tax Claim due and payable on or before the Effective Date shall receive one of the following treatments on account of such Claim: (1) Cash in an amount equal to the amount of such Allowed Priority Tax Claim; (2) Cash in an amount agreed to by the applicable Debtor or Reorganized Debtor, as applicable, and such holder, *provided, however*, that such parties may further agree for the payment of such Allowed Priority Tax Claim at a later date; or (3) at the option of the Debtors, Cash in an aggregate amount of such Allowed Priority Tax Claim payable in installment payments over a period not more than five years after the Petition Date pursuant to section 1129(a)(9)(C) of the Bankruptcy Code. To the extent any Allowed Priority Tax Claim is not due and owing on the Effective Date, such Claim shall be paid in full in Cash in accordance with the terms of any agreement between the Debtors and the holder of such Claim, or as may be due and payable under applicable non-bankruptcy law or in the ordinary course of business.

ARTICLE III.

CLASSIFICATION OF CLAIMS AND INTERESTS IN THE DEBTORS

A. *Summary*

1. This Plan constitutes a separate chapter 11 plan for each Debtor. Except for the claims addressed in Article II above (or as otherwise set forth herein), all Claims against a particular Debtor are placed in Classes for each of the Debtors. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtors have not classified Administrative Claims and Priority Tax Claims, as described in Article III.

2. Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims against and Equity Interests in each of the Debtors. The Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

3. Summary of Classification and Treatment of Classified Claims and Equity Interests

<u>Class</u>	<u>Claim</u>	<u>Status</u>	<u>Voting</u>
1	Priority Non-Tax Claims	Unimpaired	No (presumed to accept)
2	Secured Tax Claims	Unimpaired	No (presumed to accept)
3	Senior Secured Claims	Impaired	Yes
4	Other Secured Claims	Unimpaired	No (presumed to accept)
5	Senior Notes Claims	Impaired	Yes
6	Subordinated Notes Claims	Impaired	No (deemed to reject)
7	Hawaiian Telecom Communications, Inc. General Unsecured Claims	Impaired	Yes

<u>Class</u>	<u>Claim</u>	<u>Status</u>	<u>Voting</u>
8	Hawaiian Telcom Holdco, Inc. General Unsecured Claims	Impaired	Yes
9	Hawaiian Telcom, Inc. General Unsecured Claims	Impaired	Yes
10	Hawaiian Telcom Services Company, Inc. General Unsecured Claims	Impaired	Yes
11	Hawaiian Telcom IP Service Delivery Investment, LLC General Unsecured Claims	Impaired	Yes
12	Hawaiian Telcom IP Service Delivery Research, LLC General Unsecured Claims	Impaired	Yes
13	Hawaiian Telcom IP Video Investment, LLC General Unsecured Claims	Impaired	Yes
14	Hawaiian Telcom IP Video Research, LLC General Unsecured Claims	Impaired	Yes
15	Intercompany Claims	Unimpaired	No (presumed to accept)
16	Intercompany Interests	Unimpaired	No (presumed to accept)
17	Hawaiian Telcom Holdco Equity Interests	Impaired	No (deemed to reject)
18	Section 510(b) Claims	Impaired	No (deemed to reject)

B. Classification and Treatment of Claims and Equity Interests

1. Class 1—Priority Non-Tax Claims

- (a) *Classification:* Class 1 consists of Priority Non-Tax Claims.
- (b) *Voting:* Class 1 is Unimpaired, and holders of Class 1 Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the holders of Class 1 Claims are not entitled to vote to accept or reject the Plan.
- (c) *Treatment:* Except to the extent that a holder of an Allowed Priority-Non Tax Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Allowed Priority Non-Tax Claim, each holder of such Allowed Priority Non-Tax Claim shall be paid in full in Cash

on the later of the Effective Date and the date such Priority Non-Tax Claim becomes Allowed, or as soon as practicable thereafter.

2. Class 2—Secured Tax Claims

- (a) *Classification:* Class 2 consists of Secured Tax Claims.
- (b) *Voting:* Class 2 is Unimpaired, and holders of Class 2 Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the holders of Class 2 Claims are not entitled to vote to accept or reject the Plan.
- (c) *Treatment:* Except to the extent that a holder of an Allowed Secured Tax Claim has been paid by the Debtors prior to the Effective Date or agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Allowed Secured Tax Claim, each holder of such Allowed Secured Tax Claim shall receive, at the sole option of the Debtors or the Reorganized Debtors, (i) Cash on the Effective Date in an amount equal to such Allowed Secured Tax Claim, (ii) commencing on the Effective Date and continuing over a period not exceeding five years from the Petition Date, equal semi-annual Cash payments in an aggregate amount equal to such Allowed Secured Tax Claim, together with interest at the applicable rate under non-bankruptcy law, subject to the sole option of the Debtors or the Reorganized Debtors to prepay the entire amount of the Allowed Secured Tax Claim or (iii) regular Cash payments in a manner not less favorable than the most favored non-priority unsecured Claim provided for by the Plan.

3. Class 3—Senior Secured Claims

- (a) *Classification:* Class 3 consists of Senior Secured Claims.
- (a) *Allowance:* On the Effective Date, the Senior Secured Claims are Allowed in the aggregate amount of \$599,072,812.57 (consisting of \$589,838,681.00 outstanding as of the Commencement Date and \$9,234,131.57 in payable in kind interest through October 31, 2009 in accordance with the Cash Collateral Order), plus (a) the payment of cash interest

calculated at the non-default rate of interest with respect to \$300 million of the outstanding Senior Secured Obligations; from November 1, 2009 through the Effective Date; (b) the deemed payment of interest with respect to the balance of the outstanding Senior Secured Obligations, with such amount being included in the amount of Senior Secured Claims to the Senior Secured Agent, on behalf of the Senior Secured Parties, under the Cash Collateral Order between November 1, 2009 and the Effective Date; (c) all accrued and unpaid fees and expenses (including, but not limited to, the documented fees and expenses of legal counsel and other professionals retained by the Senior Secured Parties (including the fees of Houlihan Lokey pursuant to the terms of its engagement letter, dated November 6, 2008, between Houlihan Lokey, the Debtors and Weil, Gotshal & Manges LLP, as counsel to the Senior Secured Agent and the Prepetition Lenders)) owing as of the Effective Date with respect to the Senior Secured Obligations or provided for in the Prepetition Financing Documents (as defined in the Cash Collateral Order); and (d) unpaid documented fees and expenses due and payable under the Prepetition Financing Documents (as defined in the Cash Collateral Order) as of the Effective Date, including, but not limited to, the documented fees and expenses of legal counsel and other professionals retained by the Senior Secured Parties, each without prejudice to the rights of the Senior Secured Parties to assert the entitlement to payment or accrual of interest at the default rates of interest as provided for in the Credit Agreement. Notwithstanding anything to the contrary in the Debtors' schedules of assets and liabilities, the claim of Goldman Sachs Bank USA, in its capacity as party to that certain ISDA Master Agreement (Multi-currency Cross Border), dated as of October 24, 2007, shall be Allowed in the aggregate amount of \$7,780,662.82 (consisting of \$7,665,935.00 outstanding as of the Commencement Date and \$114,727.82 in payable in kind interest through October 31, 2009 in accordance with the Cash Collateral Order), which amount is included in the Allowed Senior Secured Claims, plus amounts set forth in (a) through (d) above.

- (b) *Voting:* Class 3 is Impaired, and holders of Class 3 Claims are entitled to vote to accept or reject the Plan.
- (c) *Treatment:* On the Effective Date, and subject to the right of election described below, in full and final satisfaction and discharge of and in exchange for each Allowed Senior Secured Claim, each holder of such Allowed Senior Secured Claim shall receive:
 - (i) such holder's *Pro Rata* share of the New Term Loan; and
 - (ii) such holder's *Pro Rata* share (after accounting for the reduction of such holder's Senior Secured Obligations as a result of the receipt of such holder's *Pro Rata* share of the New Term Loan) of 100% of the Outstanding New Common Stock, subject to dilution on account of the New Warrants, the Rights Offering and the Management Equity Incentive Program.
- (d) *Right of Election:* On the Plan ballot form, holders of Allowed Class 3 Claims shall be provided the right to elect, in their sole and absolute discretion, to receive either additional New Term Loan debt or Outstanding New Common Stock; *provided, however,* to the extent there is an imbalance between the face value of New Term Loan debt and the amount of Outstanding New Common Stock shares elected by Holders of Allowed Class 3 Claims, either the debt amount or common stock elected will be reduced *Pro Rata* to each participant to eliminate the imbalance; and *further provided, however,* the Debtors shall retain the right to adjust (using a comparable methodology to the sell-down procedure set forth in the Claims Trading Motion) the amount of Outstanding New Common Stock distributed to electing Holders of an Allowed Class 3 Claim as necessary to ensure that the Debtors qualify for section 382(l)(5) of the Internal Revenue Code. Each Holder of Allowed Class 3 Claims must affirmatively elect to exercise these rights as part of submitting its vote on the Plan.

4. Class 4—Other Secured Claims

- (a) *Classification:* Class 4 consists of Other Secured Claims.
- (b) *Voting:* Class 4 is Unimpaired, and holders of Class 4 Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the holders of Class 4 Claims are not entitled to vote to accept or reject the Plan.
- (c) *Treatment:* Except to the extent that a holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Allowed Other Secured Claim, on the later of the Effective Date and the date such Other Secured Claim becomes Allowed, or as soon as practicable thereafter, at the sole option of the Reorganized Debtors, upon consultation with the Senior Secured Agent and its counsel:
 - (i) each Allowed Other Secured Claim shall be reinstated and rendered Unimpaired in accordance with section 1124(2) of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the holder of an Allowed Other Secured Claim to demand or receive payment of such Allowed Other Secured Claim prior to the stated maturity of such Allowed Other Secured Claim from and after the occurrence of a default;
 - (ii) each holder of an Allowed Other Secured Claim shall receive Cash in an amount equal to such Allowed Other Secured Claim, including any interest on such Allowed Other Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, on the later of the Effective Date and the date such Allowed Other Secured Claim becomes an Allowed Other Secured Claim, or as soon thereafter as is practicable; or
 - (iii) each holder of an Allowed Other Secured Claim shall receive the collateral securing its Allowed Other Secured Claim and any interest on such Allowed Other Secured

Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code.

5. Class 5—Senior Notes Claims

- (a) *Classification:* Class 5 consists of Senior Notes Claims.
- (b) *Allowance:* On the Effective Date, Senior Notes Claims shall be Allowed in the aggregate amount of \$368,976,750.
- (c) *Voting:* Class 5 is Impaired, and holders of Class 5 Claims are entitled to vote to accept or reject the Plan.
- (d) *Treatment:* On the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Senior Notes Claim:
 - (i) each holder of an Allowed Senior Notes Claim shall receive its *Pro Rata* share of the New Warrants;
 - (ii) each holder of an Allowed Senior Notes Claim shall receive its *Pro Rata* share of the proceeds of the Creditors' Committee Avoidance Actions; and
 - (iii) each Eligible Senior Notes Claim Holder shall receive its *Pro Rata* share of Subscription Rights.

6. Class 6—Subordinated Notes Claims

- (a) *Classification:* Class 6 consists of Subordinated Notes Claims.
- (b) *Allowance:* On the Effective Date, Subordinated Notes Claims shall be deemed Allowed in the aggregate amount of \$160,937,500.
- (c) *Voting:* Class 6 is Impaired, and holders of Class 6 Claims are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, the holders of Class 6 Claims are not entitled to vote to accept or reject the Plan.
- (d) *Treatment:* Holders of Subordinated Notes Claims shall not receive or retain any interest or property under the Plan on

account of such Subordinated Notes Claims. The treatment of the Subordinated Notes Claims under the Plan is in accordance with and gives effect to the provisions of section 510(a) of the Bankruptcy Code.

7. Class 7—Hawaiian Telcom Communications, Inc. General Unsecured Claims

- (a) *Classification:* Class 7 consists of Hawaiian Telcom Communications, Inc. General Unsecured Claims.
- (b) *Voting:* Class 7 is Impaired by the Plan, and holders of Class 7 Claims are entitled to vote to accept or reject the Plan.
- (c) *Treatment:* Except to the extent that a holder of a Hawaiian Telcom Communications, Inc. General Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Hawaiian Telcom Communications, Inc. General Unsecured Claim, each holder of an Allowed Hawaiian Telcom Communications, Inc. General Unsecured Claim shall receive on the later of the Effective Date and the date such Claim becomes Allowed, or as soon as practicable thereafter: (a) Cash in an amount equal to its *Pro Rata* share of the Unsecured Claims Fund and (b) Cash in an amount equal to its *Pro Rata* share of the proceeds of the Creditors' Committee Avoidance Actions.

8. Class 8—Hawaiian Telcom Holdco, Inc. General Unsecured Claims

- (a) *Classification:* Class 8 consists of Hawaiian Telcom Holdco, Inc. General Unsecured Claims.
- (b) *Voting:* Class 8 is Impaired by the Plan, and holders of Class 8 Claims are entitled to vote to accept or reject the Plan.
- (c) *Treatment:* Except to the extent that a holder of a Hawaiian Telcom Holdco, Inc. General Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Hawaiian Telcom Holdco, Inc. General Unsecured Claim, each holder of an Allowed Hawaiian Telcom Holdco, Inc. General Unsecured Claim shall receive on the later of the Effective Date and the date such Claim becomes